

Message Text

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ORIGIN EB-08

INFO OCT-01 EA-10 ISO-00 STR-07 COME-00 AGRE-00
CIAE-00 INR-10 LAB-04 NSAE-00 SP-02 TRSE-00
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P 122005Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY SEOUL PRIORITY
AMEMBASSY TAIPEI PRIORITY

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E.O. 11652:N/A

TAGS:ETRD, KR, US

SUBJECT:US/ROK FOOTWEAR CONSULTATIONS--PIPELINE PROBLEM

REFS: A) SEOUL 2641, B) STATE 86755, C) STATE 77222

1. IN RESPONSE TO GROK REQUEST FOR ASSISTANCE IN DEALING
WITH THE DIFFICULTIES WHICH HAVE ARISEN FOR IT AS A RESULT
OF EXCESS PIPELINE SHIPMENTS, MISSION MAY TELL ASSISTANT
MINISTER SUN KIL KIM THAT USG IS PREPARED TO AGREE TO AN
AMENDMENT OF THE OMA TO PERMIT THE GROK TO REQUEST AN
INCREASE IN THE FIRST YEAR'S RESTRAINT LEVELS BY BORROWING
FROM THE SECOND YEAR'S LEVELS A LARGER AMOUNT THAN THE OMA
NOW PERMITS. IF SUCH AN AMENDMENT IS ACCEPTABLE TO THE
GROK, THE USG IS PREPARED TO ALLOW THE QUANTITY SPECIFIED
FOR CATEGORY K1 TO BE INCREASED IN THE FIRST RESTRAINT
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PERIOD BY AN ADDITIONAL CARRY FORWARD OF NOT MORE THAN
1,610,000 PAIRS, AND THAT FOR K2 BY NO MORE THAN 2,990,000
PAIRS, I.E., IN ADDITION TO THE QUANTITIES PREVIOUSLY
CARRIED FORWARD UNDER THE 6 PERCENT CARRY FORWARD PROVISION
(SEE REFTEL B). THE PROPOSED INCREASES, TOTALING 4.6
MILLION PAIRS, REPRESENT AN ADDITIONAL CARRY FORWARD OF 14
PERCENT. THE AMOUNT ENTERED AS A RESULT OF SUCH AN

AMENDMENT WOULD, AS IN THE CASE OF THE 6 PERCENT CARRY FORWARD, BE DEDUCTED FROM THE ADJUSTED QUANTITY NOW

APPLICABLE TO THE SECOND RESTRAINT PERIOD.

2. IN RETURN FOR ITS CONSENT TO AMEND THE OMA TO ACCOMMODATE THE GROK, THE USG SEEKS A COMMITMENT FROM THE GROK THAT:

A) THE GROK WILL NOT ISSUE EXPORT VISAS IN THE SECOND RESTRAINT YEAR IN EXCESS OF THE LIMITATION APPLICABLE TO EACH CATEGORY IN THAT YEAR AFTER TAKING INTO ACCOUNT ALL THE VARIOUS ADJUSTMENTS RESULTING FROM SECOND RESTRAINT YEAR QUANTITIES BEING CARRIED FORWARD INTO THE FIRST RESTRAINT YEAR.

B) UNDER FORESEEABLE CIRCUMSTANCES, THE GROK WILL NOT APPROACH THE USG WITH ANY ADDITIONAL REQUEST FOR RELIEF DURING THE REMAINING TIME THE OMA IS IN EFFECT IF KOREA AGAIN FINDS ITSELF IN A SITUATION WHERE IT HAS BECOME NECESSARY FOR THE USG TO DELAY IMPORTATION IN ANY CATEGORY DUE TO FILLING OF THE APPLICABLE RESTRAINT LEVEL.

3. THE USG ALSO EXPECTS RECONFIRMATION OF (1) THE UNILATERAL GROK ASSURANCE THAT THE ROK DOES NOT INTEND "TO INCREASE EXPORTS OF FOOTWEAR UPPERS, OTHER FOOTWEAR PARTS, LIMITED OFFICIAL USE

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OR RUBBER FOOTWEAR IN A WAY THAT WOULD UNDERMINE THE EFFECTIVENESS OF THE AGREEMENT," AND (2) THE AGREED MINUTE STATING THAT THERE WILL NOT "BE MAJOR SHIFTS AWAY FROM THE NORMAL PATTERN OF EXPORTS TO THE UNITED STATES IN NON-RUBBER FOOTWEAR BY TYPE, MATERIAL OR PRICE RANGE." WE ARE PARTICULARLY INTERESTED IN WORK SHOES.

4. THE USG IS PREPARED TO ACT THROUGH AN EXCHANGE OF LETTERS BETWEEN THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS, OR HIS DESIGNEE, AND THE APPROPRIATE OFFICIAL OF THE KOREAN EMBASSY WASHINGTON WHICH WOULD FORMALLY AMEND THE PRESENT OMA CARRY FORWARD PROVISION. WE INTEND TO PROVIDE MINISTER LEE OF THE KOREAN EMBASSY WASHINGTON A COPY OF A DRAFT LETTER TO BE SIGNED BY THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS, OR HIS DESIGNEE, WHICH (A) ADVISES THAT THE USG CONSENTS TO THE PROPOSED AMENDMENT OF THE PRESENT CARRY FORWARD PROVISION, (B) REQUESTS CONFIRMATION THAT THE PROPOSAL IS ACCEPTABLE TO THE GROK, AND (C) INCLUDES AN UNDERSTANDING THAT THE GROK WILL CONTINUE TO ADHERE TO THE TERMS OF THE AGREEMENT AND DOES NOT FORESEE ANY NECESSITY FOR RELIEF FROM THE DELAYED ENTRY OF NONRUBBER FOOTWEAR COVERED BY

THE OMA. WE ALSO INTEND TO PROVIDE THE DRAFT OF A GROK
REPLY STATING THE PROPOSAL IS ACCEPTABLE. IN ADDITION, WE
EXPECT SPECIFIC ASSURANCES TO BE PASSED ALONG TO US THAT

THE GROK AGREES TO UNDERTAKE THE COMMITMENT SOUGHT IN THE
SECOND PARAGRAPH AND PROVIDE THE CONFIRMATION REQUESTED
IN THE THIRD PARAGRAPH.

5. THE AMENDMENT OF THE CARRY FORWARD PROVISION IS ALL
THAT THE USG CAN DO AT THIS TIME TO ASSIST THE GROK DEAL
WITH ITS IMMEDIATE PROBLEM OF EXCESS PIPELINE SHIPMENTS
WITHOUT GOING THROUGH USITC.

6. IF THE MISSION HAS NOT ALREADY RESPONDED, WE WOULD
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APPRECIATE RECEIVING THE STATISTICS AND INFORMATION
REGARDING HOME COVERS REQUESTED IN THE FIRST PARAGRAPH OF
REFTEL (C) ASAP.

7. FOR TAIPEI: THE USG IS PREPARED TO AGREE TO AN
APPROPRIATE CORRESPONDING AMENDMENT OF THE PRESENT CARRY
FORWARD PROVISION OF THE TAIWAN OMA SHOULD THE GROK
CONSIDER SUCH A CHANGE WOULD ASSIST IT IN DEALING WITH ITS
PROBLEM OF EXCESS PIPELINE SHIPMENTS. WE ARE PRESENTLY
ANALYZING THE MONTHLY EXPORT DATA RECENTLY RECEIVED FROM
THE GROK EMBASSY WASHINGTON AND WILL MAKE AN APPROPRIATE
AMENDMENT IF THE GROK DESIRES. VANCE

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